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No.

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1998

RALPH D. RAY

Petitioner,

v.

UNITED STATES,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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August 26, 1998

53 pp

QUESTION PRESENTED

Whether the ruling of a court in a prior action that it would evaluate the case under a test other than a constitutional test urged by the plaintiff is beyond the reach of collateral estoppel in a subsequent action.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

OPINIONS BELOW

The opinion for the United States Court of Appeals for the Federal Circuit was not reported, and is reprinted in the appendix at p. A12.[1]

The opinion of the United States Court of Federal Claims was not reported, and is reproduced in the appendix at p. A17.

JURISDICTION

On May 30, 1997, the United States Court of Federal Claims, whose jurisdiction arose under 28 U.S.C. § 1491(a)(1), granted the defendant's motion to dismiss.

Petitioner appealed to the United States Court of Appeals for the Federal Circuit, invoking that court's jurisdiction

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[1]All page numbers herein are consecutive, with page numbers for the appendix being preceded by "A" (e.g. A12).

under 28 U.S.C. § 1295(a)(3). On March 31, 1998, the Court of Appeals, affirming the district court, entered judgment.

Petitioner filed a petition for rehearing with the United States Court of Appeals for the Federal Circuit, which was denied on June 2, 1998 (A31).

Petitioner invokes the jurisdiction of this Court to review the judgment of the appeals court by writ of certiorari under 28 U.S.C. §1254(1).

STATEMENT OF THE CASE

A. Background

Ralph D. Ray was an inventor of sports fitness equipment. He hired an attorney, Tom Sherrard, to represent him before the U.S. Patent and Trademark Office ("PTO") to obtain a patent. The patent issued on August 21, 1984. Promptly after that, Tom Sherrard's representation ceased, and he subsequently retired. However, more than three years after the events mentioned above occurred, the PTO sent a maintenance fee reminder notice to attorney Sherrard stating that the first maintenance fee was due and payable within a period of about five months. Sherrard, then retired, attempted to send the letter to petitioner Ray at the last address he had in his records, but Ray no longer resided at that address, and did not receive the notice. Accordingly, Ray was unaware the fee was due, and, for the first time in 30 years, missed payment on a bill. As a result, his patent, a product of ten years of work and essential to the security of his family, expired on August 21, 1988.

Ray petitioned the PTO to reinstate his patent, arguing his delay in payment was unavoidable under 35 U.S.C. § 41(c), in circumstances including non-receipt of a maintenance fee reminder. His petition was denied.

B. Statutory arbitrary and capricious test applied

Ray then presented a constitutional (separation of powers)

claim to the Ray I district court, *Ray v. Comer*, Civ. No. 93-0558 (D.D.C. 1994), reproduced at A32. The complaint alleged that "to avoid infirmity of said remedial § 41(c) as an undue delegation to defendant Commissioner, interpretation of § 41(c) must be guided by an 'intelligible principle.'" However, not applying this test, the Ray I district court, *supra*, and Ray I appellate court, *Ray v. Lehman*, 55 F.3d 606 (Fed. Cir. 1995), *cert. denied* ___ U.S. ___, 116 S. Ct. 304, instead applied the arbitrary and capricious test as set forth, for instance, in the Administrative Procedure Act, 5 U.S.C. § 706, and denied relief to Ray. *See* Ray I district court opinion at A36-A37 (citing *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 844 (1984)); *Ray v. Lehman*, *supra*, 55 F.3d at 608.

Ray then commenced the present action in the United States Court of Federal Claims, Ray II, seeking just compensation for the government's refusal to reinstate his patent.

C. Ray's "intelligible principle of guidance" claim

Ray contests the PTO's and Ray I courts' interpretation of the unavoidable delay standard of 35 U.S.C. § 41(c). Ray does not dispute the PTO's authority to determine under § 41(c) whether a patent should be reinstated, so long as Congress has provided an "intelligible principle" to guide the agency's determination. The presence of an "intelligible principle" upholds separation of powers, *J.W. Hampton Jr. & Co. v. United States*, 276 U.S. 394, 409 (1928), and ensures that "important choices of social policy are made by Congress, the branch of our Government most responsive to the popular will." *Industrial Union Dep't v. American Petroleum Institute*, 448 U.S. 607, 685 (1980) (Rehnquist, J., concurring). Rather, Ray contends the PTO is not following an intelligible principle when it determines whether to reinstate patents in lack-of-notice circumstances.

Ray's claim does not depend on whether the PTO was under a duty to provide notice. It merely depends on whether Congress intended lack of notice to be considered in determining unavoidable delay.

D. The Court of Appeals' novel theory of collateral estoppel

The trial court below (Ray II) granted the government's motion to dismiss Ray's complaint on the ground, *inter alia*, that collateral estoppel precludes Ray from advancing his separation-of-powers "intelligible principle" claim in this action (A27-A30). Affirming the trial court's decision, the Court of Appeals below (Ray II) applied a novel theory of collateral estoppel. In the last main paragraph on pages A15-A16, the Court stated:

> "[Ray] had to convince the [Ray I] court that the proposed 'intelligible principle of guidance' theory applies to the Commissioner's decision on his petition. That issue was argued in the district court, and was decided. Mr. Ray lost the argument for his 'intelligible principle of guidance' theory [in Ray I]. The Court of Federal Claims was not required to relitigate Mr. Ray's * * * theory, an issue he lost in [Ray I]."

Although the Court mentioned the requirement of collateral estoppel that the determination of an issue in a prior action be "necessary and essential" to the resulting judgment (A15), it did not apply this requirement (*id.*).

REASONS FOR GRANTING THE WRIT

I. The "necessary and essential" analysis of collateral estoppel is unduly cumbersome with the novel theory applied by the Court of Appeals and, hence, is unworkable

One of the requisites of collateral estoppel is that a

finding in a prior action be "necessary" to the judgment in that action. *E.g.*, *Montana v. United States,* 440 U.S. 147, 153 (1979). Owing to the unique nature of the finding at issue, the "necessary and essential" analysis is so cumbersome as to make application of the Court of Appeal's novel theory of collateral estoppel unworkable.

A. Choate-versus-inchoate nature of finding with respect to substantive rights and liabilities of parties

Traditionally, courts have applied collateral estoppel to determinations such as whether a retired Naval officer's service at the Naval Academy constitutes "service during the civil war" under a relevant statute regarding salaries. Holding "[a] determination in respect of the status of an individual upon which his right to recover depends is as conclusive as a decision upon any other matter," this Court applied collateral estoppel to the prior finding. *United States v. Moser*, 266 U.S. 236, 240 (1924), cited with approval in *Montana v. United States,* 440 U.S. 147, 162 (1979).

The prior finding in *Moser, supra,* was a choate (i.e. completed or conclusive) finding with respect to the Naval officer's substantive right to salary. It constitutes a final determinant of the prior judgment, and represents the endpoint of an adjudication process of finding facts or law. Similarly, every example set forth in the discussion of the general rule of collateral estoppel in the first and second Restatements of Judgment refers to prior findings that are choate in the foregoing sense.[2]

In determining whether a choate finding, as defined herein, was necessary and essential to the resulting judgment, a court does not undertake an analysis of depth similar to the adjudication process conducted in the first action. *Cf.*

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[2]Restatement (First) of Judgments § 68; Restatement (Second) of Judgments § 27.

Moser, supra, 240 U.S. at 162 (in assessing applicability of collateral estoppel in subsequent action, a court will not even undertake to consider the correctness of a "fact, question or right" in the original action).

In contrast, the Court of Appeals below (A15-A16) held collateral estoppel may be applied to the finding of which legal test applies to Ray's claim, e.g., a constitutional test or a statutory (arbitrary and capricious) test. As opposed to the finding in *Moser, supra,* which was choate with respect to the substantive rights and liabilities of the parties, the finding of which legal test to employ is inchoate. It merely describes one path of adjudication for reaching judgment, which comprises a process of weighing and evaluating the evidence and arguments presented under a given test.

B. Multiple paths of adjudication to judgment

One path of adjudication to judgment is the arbitrary and capricious test as chosen by the Ray I courts. Another path is the intelligible principle of guidance test. And there may be further paths based on other theories. Logically, to determine if a given test was "necessary and essential" to the prior judgment, the other tests need to be considered. If another test would yield the same judgment, then the given test was not necessary and essential to the judgment. Thus, the other (non-applied) test or tests will need to be considered, but their consideration is cumbersome.

C. Considering the other paths to adjudication is cumbersome

For instance, determining if the "intelligible principle of guidance" test would reach the same judgment is cumbersome. This can be appreciated from considering a single point of argument, e.g., whether the meaning of "unavoidable delay" in 35 U.S.C. § 41(c), on which Ray bases his right to relief on the merits, is guided by the meaning of "unavoidable delay" in 35 U.S.C. § 133.

Under the jurisprudence on the intelligible principle test, a court especially strives to find an intelligible principle so as to uphold Congressional enactments. *E.g., National Cable Television Assn. v. United States*, 415 U.S. 336, 342 (1974) (reading Act narrowly to avoid constitutional problems). Ray can easily show an intelligible principle for guiding the interpretation of unavoidable delay in his lack-of-notice circumstances by reference to previously-enacted 35 U.S.C. § 133, under which an applicant for a patent can permissibly rely on the absence of notice shortly before a response is due in establishing unavoidable delay. This results from the specific reference in § 133 of responding to an action "of which notice has been given or mailed to the applicant." Section 41(c), from the same statute, includes the identical term "unavoidable," but does not, as in § 133, delineate how to interpret unavoidable when timely notice is not received.

However, it is a "basic canon of statutory construction that identical terms within an Act bear the same meaning." *Estate of Cowart v. Nicklos Drilling Co.*, 505 U.S. 469, 479 (1992) (rejecting petitioner's proffered definition of "persons entitled to compensation" in one provision, where the phrase is more specifically delineated elsewhere in the statute in contexts in which it could not bear the meaning asserted by petitioner). According to this basic canon of construction, the later-enacted unavoidable delay provision of § 41(c) should bear the same meaning as the more specifically delineated meaning of unavoidable delay in the earlier-enacted § 133. Since reliance on receipt of timely notice is permissible under § 133, it should also be permissible under § 41(c), so that § 41(c) should be interpreted in Ray's favor.

The foregoing analysis contrasts with the arbitrary and capricious test applied by the Ray I courts, as to which a court is unconcerned with whether an intelligible principle of guidance exists. To the contrary, under the arbitrary and

capricious test, the courts greatly defer to the agency's decision, and do not investigate into possible constitutional infirmities in the decision. *See Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 844 (1984), the principal authority relied on in the relevant discussion by the Ray I District Court (A36-A37).

As with typical litigants, Ray has several other points of evidence and argument related to his claim. For Ray these include analysis of other points of legislative history of 35 U.S.C. § 41(c),[3] as well as jurisprudence on the meaning of unavoidable delay.[4] Consideration of the "intelligible principle" test, to determine if that test would reach the same result as the test applied by the Ray I Courts, can be seen as tantamount to litigating the case under the intelligible principle test not applied in Ray I. However, engaging in such consideration, which the courts below refrained from doing, would eliminate the savings of judicial resources which the doctrine of collateral estoppel is designed to achieve. *Cf. United States v. Moser, supra,* 266 U.S. at 242, cited with approval in *Montana v. United States,* 440 U.S. 147, 162 (1979) (in assessing applicability of collateral estoppel in subsequent action, a court will not even undertake to consider the correctness of a "fact, question or right" in the original action).

Accordingly, the Court of Appeals' novel theory of applying collateral estoppel to the finding of which test to apply, constitutional or statutory, is so complex and cumbersome as to be unworkable.

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[3] *E.g.*, relating to H. Rep. No. 542, 97th Cong., 2nd Sess., *as reprinted in* 1982 U.S. Code Cong. & Admin.. News 765, 772.

[4] *E.g.*, relating to *Ex parte Pratt*, 1887 Dec. Comm'r Pat. 31 (Comm'r Pat. 1887).

D. Lack of precedent

Finally, the court of appeals did not find any authority to support its novel theory of collateral estoppel.

II. Any support for the Court of Appeals' rationale from res judicata is inapplicable

As shown above, the rationale applied by the Court of Appeals to bar Ray from presenting his separation-of-powers, "intelligible principle of guidance" test dispenses with the traditional collateral estoppel requirement that a prior determination be "necessary and essential" to the resulting judgment. As such, the rationale appears to relate to res judicata (i.e. claim preclusion), wherein "a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action." *Allen v. McCurry*, 449 U.S. 90, 94 (1980).

The Court of Appeals' opinion below barred Ray from arguing in Ray II the applicability of the "intelligible principle of guidance" test since he was unsuccessful in convincing the Ray I Courts of its applicability. Similarly, res judicata under *Allen v. McCurry, supra,* would seem to facially apply since Ray could have, but did not successfully, raise that test in Ray I.

Res judicata, however, is inapplicable. As the Court of Federal Claims below correctly noted, res judicata does not bar plaintiff's suit since his taking claim, "substantially in excess of $10,000," could not have been brought in the Ray I District Court, but only in the Court of Federal Claims, citing 28 U.S.C. §§ 1346(a)(2) (1994) and 1491(a)(1) (1994) and *Rowe v. United States*, 4 Cl. Ct. 39, 43 (1983).

III. The novel theory of collateral estoppel would unduly burden a plaintiff's rights to invoke the jurisdiction of the federal courts

The federal courts have a duty to determine claims

brought before them, on which they have jurisdiction. *Quackenbush v. All State Insurance*, __ U.S.__, 116 S. Ct. 1712, 1720 (1996) ("[w]e have often acknowledged that federal courts have a strict duty to exercise the jurisdiction that is conferred upon them by Congress"); *Bell v. Hood*, 327 U.S. 678, 681-682 (1946).

In Ray I petitioner Ray invoked the jurisdiction of the federal district and appeals courts to hear a constitutional, separation-of-powers (SOP) claim. Ray urged the specific "intelligible principle of guidance" test for determining such claim, which the Court of Appeals below held "was * * * an essential element of his claim" (A15). The Ray I courts declined to apply that test, instead determining the case under the statutory, arbitrary and capricious test. As such, the Ray I courts did not exercise their jurisdiction to determine Ray's SOP "intelligible principle of guidance" claim, which thereby burdens his right for determination of his constitutional claim by those courts.

The Court of Appeals below applied the novel theory of collateral estoppel. This follows from its reasoning that because "Ray lost the argument for [application of] his 'intelligible principle of guidance' theory in the [Ray I] district court," the Court of Federal Claims below was not required to apply that theory (A16).

The deprival of Ray's right for determination of his constitutional claim by the Ray II courts compounds the error of the Ray I courts in not determining the claim. It unduly burdens his right of access to the federal courts.

CONCLUSION

For these special and important reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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August 26, 1998

NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition is not citable as precedent. It is a public record. The disposition will appear in tables published periodically.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

97-5122

RALPH D. RAY,
Plaintiff-Appellant,

v.

UNITED STATES,
Defendant-Appellee.

DECIDED: March 31, 1998

Before NEWMAN, PLAGER, and SCHALL, *Circuit Judges.*
NEWMAN, *Circuit Judge.*

Ralph D. Ray appeals the decision of the United States Court of Federal Claims[1] dismissing his claim for compensation for a taking of patent property without due process of law. We *affirm* the decision.

BACKGROUND

Mr. Ray is the owner of United States Patent No. 4,466,797, which issued on August 21, 1984. Mr. Ray was

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[1] *Ray v. United States*, No. 96-730C (Fed. Cl. May 30, 1997).

represented in the patent solicitation by a patent agent, Thomas Sherrard, whose address was provided to the Patent and Trademark Office ("PTO") as that to which correspondence should be addressed. On March 22, 1988, the PTO sent a letter to MR. Sherrard reminding him that the first maintenance fee for the '797 patent had been due on February 21, 1998. There is a six month grace period for payment of maintenance fees, after which the patent is deemed expired, pursuant to 35 U.S.C §41(b). Mr. Sherrard, who had retired, sent the letter to Mr. Ray at the address in his records. The letter was returned to Mr. Sherrard as undeliverable. The maintenance fee was not paid, and the patent expired as of August 21, 1988.

Mr. Ray learned of the missed maintenance fee payment in March 1990 and petitioned the PTO to accept late payment of the fee, arguing that the payment had been unavoidably delayed. The petition was denied, as was his request for reconsideration. Mr. Ray then brought suit in the United States District Court for the district of Columbia, seeking to compel acceptance of the late payment. The district court granted the Commissioner's motion for summary judgment. *Ray v. Comer*, Civ. No. 93-0558 (D.D.C. 1994). The Federal Circuit affirmed. *Ray v. Lehman*, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995).

On June 26, 1996, Mr. Ray filed suit in the Court of Federal Claims, asserting that the Commissioner's refusal of his fee petition constituted a taking for which he was owed compensation pursuant to the Fifth Amendment. The Court of Federal Claims dismissed that case, holding that Mr. Ray had failed to file within the six-year statute of limitations period and that Mr. Ray's claim was barred by the doctrine of issue preclusion. This appeal followed.

Collateral Estoppel

Mr. Ray asserts that the Commissioner's decision as to

what constitutes unavoidable delay constituted an impermissible delegation of authority by Congress to the executive branch. According to Mr. Ray, the Commissioner did not "act within the scope of guidance conferred by an 'intelligible principle' from Congress," and as a result the Commissioner failed to "avoid an undue delegation of legislative power from Congress to the PTO." Mr. Ray cites *Industrial Union Dep't. AFL-CIO v. American Petroleum Institute*, 448 U. S. 607 (1980), wherein a concurring opinion describes the impermissible delegation doctrine as follows:

> "[T]he nondelegation doctrine serves three important functions. First, and most abstractly, it ensures to the extent consistent with orderly governmental administration that important choices of social policy are made by Congress, the branch of our Government most responsive to the popular will. Second, the doctrine guarantees that, to the extent Congress finds it necessary to delegate authority, it provides the recipient of that authority with an "Intelligible principle" to guide the exercise of the delegated discretion. Third, and derivative of the second, the doctrine ensures that courts charged with reviewing the exercise of delegated legislative discretion will be able to test that exercise against as certainable standards."

Id. at 685-86 (citations omitted) (Rehnquist, J., concurring).

Mr. Ray does not argue that 35 U.S.C §41(b) delegates legislative responsibility to the Commissioner with no "intelligible principle" to guide his exercise of his discretion. Rather, Mr. Ray asserts that such guidance was provided by Congress, referring to 35 U.S.C §133 and to a statement by Senator Bayh he extracts from the legislative history, recommending that "the PTO, in their implementing regulations, provide that patent holders are personally

notified through the mails shortly before their payments are due," 125 Cong. Rec. 30364-65 (1980). Mr. Ray states that since he was not personally notified through the mails, the Commissioner exceeded his delegated authority in denying relief.

The same issue had been litigated in the district court and affirmed by the Federal Circuit. Re-litigation of an issue is precluded when:

> "(1) the issues to be concluded are identical to those involved in the prior action; (2) in that action the issues were raised and "actually litigated," (3) the determination of those issues in the prior action was necessary and essential to the resulting judgment; and (4) the party precluded * * * was fully represented in the prior action."

Mother's Restaurant Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 1569 (Fed. Cir. 1983).

Mr. Ray states that the issue was not fully litigated in the district court because that court reviewed the Commissioner's action under the arbitrary and capricious standard of the Administrative Procedure Act. Mr. Ray states that the Commission's actions should be evaluated under the "intelligible principle of guidance" standard, and that the different burden of proof under these standards negates the application of collateral estoppel. The district court had considered Mr. Ray's argument that the review standard of the Administrative Procedure Act was too deferential to the agency and should be replaced by the "intelligible principle of guidance" standard, and rejected it.

It is correct that a change in the burden of proof may vitiate a prior judgment. In this case, however, the legal theory proposed by Mr. Ray was not a matter of burden of proof, but an essential element of his claim. That is, he had to convince the court that the proposed "intelligible principle

of guidance" applies to the Commissioner's decision on his petition. That issue was argued in the district court, and was decided. Mr. Ray lost the argument for his "intelligible principle of guidance" theory in the district court. The Federal Circuit affirmed the district court's judgment. The Court of Federal Claims was not required to relitigate Mr. Ray's "intelligible principle of guidance" theory , an issue he lost in the prior litigation. This and the other issues now raised in the context of a takings claim were finally decided. The court's decision is affirmed on the ground of collateral estoppel. We do not reach Mr. Ray's argument that the Court of Federal Claims erred in its analysis of the statute of limitations.

Each party to bear its costs.

In the United States Court of Federal Claims

No. 96-370C

(Filed May 28, 1997)

RALPH D. RAY,
Plaintiff,

v.

THE UNITED STATES,
Defendant.

Charles E. Bruzga, New York, New York, attorney for plaintiff.

Lauren S. Moore, Department of Jusice, Washington, D.C., with whom was *Assistant Attorney General Frank W. Hunger*, for defendant. *David M. Cohen,* Director; *Joseph A. Kijewski,* Assistant Director; Civil Division; and *John M. Whealan*, Department of Commerce, Patent and Trademark Office, of counsel.

OPINION

Futey, Judge

This taking case is before the court on defendant's motion to dismiss plaintiff's complaint for lack of subject matter jurisdiction, or in the alternative, for failure to state a claim. Defendant maintains that plaintiff's alleged taking claim is time-barred under the applicable statute of limitations. Alternatively, defendant contends that the doctrines of *res judicata* and issue preclusion bar plaintiff from litigating issues previously decided by the United States District Court for the District of Columbia and later affirmed by the United States Court of Appeals for the Federal Circuit. Plaintiff counters that he timely filed his complaint. Further, plaintiff

argues that neither doctrine bars his present taking claim.

Factual Background

In 1983, plaintiff, with the assistance of patent attorney Tom Sherrard, filed a patent application with the United States and Trademark Office (defendant). This application resulted in the grant of U.S. Patent No. 4,466,797 to plaintiff on August 21, 1984.

Pursuant to 35 U.S.C. §41(b) (1988), a patent will expire unless a maintenance fee is paid three years and six months after the patent is granted. The statute also provides for a six-month grace period in paying the maintenance fee. *Id.* Thus, a maintenance fee is due, at the latest, four years after the date the patent is granted. Further, this statute permits defendant to accept the late payment of a maintenance fee if the delay is shown to be unavoidable. 35 U.S.C. §41(c)(1) (1988).

In March 1988, defendant mailed to Mr. Sherrard a letter reminding him that a maintenance fee was due on plaintiff's patent. The letter was sent to Mr. Sherrard because he listed his own address for receipt of further correspondence from defendant. Mr. Sherrard, who had retired from practice sometime after prosecuting plaintiff's patent, attempted to forward defendant's letter to the last address he had for plaintiff. The letter, however, was returned to Mr. Sherrard as undeliverable. Mr. Sherrard did not personally pay the maintenance fee, and thus, plaintiff's patent expired pursuant to § 41(b) on August 21, 1988.

Plaintiff did not learn until 1990 that the maintenance fee on his patent was past due and that his patent had expired. Upon discovering that his patent had expired, plaintiff filed with defendant a "Petition to Accept Delayed Payment of

Maintenance Fee in an Expired Patent 37 CFR 1.378,"[1] claiming he "had no knowledge whatsoever that any maintenance fee would be due with [his] patent."[2] On June 26, 1990, defendant denied plaintiff's petition. In denying the petition, defendant found that plaintiff's "lack of knowledge of the need to pay the maintenance fee does not constitute unavoidable delay."[3] Further, defendant noted that "the record fails to disclose that [plaintiff] took reasonable steps to ensure timely payment of the maintenance fee."[4] On August 27, 1990, plaintiff filed a motion for reconsideration, which defendant denied on January 15, 1991.

Plaintiff then filed suit in the United States District Court for the District of Columbia. In that suit, plaintiff sought injunctive relief compelling defendant to reconsider its decision refusing to accept late payment of plaintiff's maintenance fee. Among the arguments presented by plaintiff, he maintained "that an undue delegation of Congressional authority occurs if [defendant's] interpretation of 'unavoidable delay' is upheld." *Ray v. Comer,* No. 93-0558, slip op. at 3 (D.D.C. Jan. 25, 1994), *aff'd sub nom, Ray v. Lehman,* 55 F.3d 606 (Fed. Cir.), *cert.denied,* 116 S. Ct. 304 (1995). On the parties' motions for summary judgment, the district court found that plaintiff's argument was precluded by a factually similar case, *Rydeen v. Quigg,* 748 F. Supp. 900 (D.D.C. 1990), *aff'd*, 937 F.2d 623 (Fed. Cir. 1991), *cert. denied,* 502 U.S. 1075 (1992), and granted defendant's motion for summary judgment. *Ray*, slip op at

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[1] Appendix to Plaintiff's Response to Defendant's Motion to Dismiss, Plaintiff's Motion for Partial Summary Judgment, and Plaintiff's Brief in Support of Motion for Partial Summary Judgment at A136 (Pl's App.)

[2] *Id.* at A140

[3] *Id.* at A152

[4] *Id.* at A153

6. Importantly, the district court held that defendant's "interpretation of 'unavoidable delay' does not amount to an improper delegation of authority." *Id.* The decision of the district court was affirmed by the United States Court of Appeals for the Federal Circuit. *See Ray*, 55 F.3d at 607.

Plaintiff filed suit in this court on June 25, 1996. In his complaint, plaintiff maintains that the district court "[f]ail[ed] to appreciate [plaintiff's] separation-of-powers argument [and that] the appellate court simply ignored [plaintiff's] separation-of-powers argument, affirming the district court's decision."[5] Plaintiff "now seeks just compensation for [defendant's] refusal to reinstate his patent under a very specific separation-of-powers right relating to the unavoidable delay standard of 35 U.S.C. § 41(c), in which [defendant's] interpretation of § 41(c), made in the absence of guidance by an intelligible principle from Congress, has deprived [plaintiff] of his patent."[6] Defendant filed its motion to dismiss plaintiff's complaint on October 10, 1996, arguing that plaintiff's claim is time-barred, or in the alternative, that *res judicata* bars plaintiff's claim[7]. On April 29, 1997, the court heard oral argument on defendant's motion.

Discussion

I. *Subject Matter Jurisdiction*

In ruling on a motion to dismiss for lack of subject matter jurisdiction under RCFC 12(b)(1), the court must accept as true the complaint's undisputed factual allegations and construe the facts in the light most favorable to the plaintiff.

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[5]Complaint at 4 (Compl.)

[6]*Id.* at 5.

[7]In Defendant's Reply to Plaintiff's Response to Defendant's Motion to Dismiss at 8, defendant also maintains that is barred by the doctrine of issue preclusion.

Scheuer v. Rhodes, 416 U.S. 232, 236 (1974); *Hamlet v. United States*, 873 F.2d 1414, 1416 (Fed. Cir. 1989); *Farmers Grain Co, v. United States*, 29 Fed. Cl. 684, 686 (1993). A plaintiff must only make a *prima facie* showing of jurisdictional facts in order to avoid a defendant's motion to dismiss. *Raymark Indus., Inc. v. United States*, 15 Cl. Ct. 334, 338 (1988) (citing *Data Disc, Inc. v. Systems Tech. Assocs., Inc.*, 557 F.2d 1280, 1285 (9th Cir. 1977)). If the undisputed facts reveal any possible basis on which the non-moving party may prevail, the court must deny the motion. *Scheuer,* 416 U.S. at 236; *W.R. Cooper Gen. Contractor, Inc. v. United States,* 843 F.2d 1362, 1364 (Fed. Cir. 1988). If the motion challenges the truth of the jurisdictional facts alleged in the complaint, however, the court may consider relevant evidence in order to resolve the factual dispute. *Rocovich v. United States,* 933 F.2d 991 (Fed. Cir. 1991). "The court should look beyond the pleadings and decide for itself those facts, even in dispute, which a necessary for a determination of [the] jurisdictional merits." *Farmers Grain*, 29 Fed. Cl. at 686 (citing *Raymark*, 15 Cl. Ct. at 335).

Plaintiff brings his taking claim against defendant pursuant to the Tucker Act, 28 U.S.C.§ 1491(a)(1) (1994). Actions brought under the Tucker Act are time-barred if they are not filed within six years of the date the cause of action accrued. 28 U.S.C. § 2501 (1994). The court's six-year statute of limitations is a jurisdictional requirement which must be strictly construed. *Catellus Dev. Corp. v. United States,* 31 Fed. Cl. 399, 404 (1994); *see also Bear Claw Tribe, Inc. v. United States,* 36 Fed. Cl. 181, 187 (1996) (citing *Hopland Band of Pomo Indians v. United States,* 855 F.2d 1573, 1576-77 (Fed. Cir. 1988). Moreover, because the statute of limitations is jurisdictional, a plaintiff bears the burden of proving that its action was timely filed. *Mason v. United States*, 27 Fed. Cl. 832, 836 (1993). The court may not waive the statute of limitations. *Laughlin v. United*

States, 22 Cl. Ct. 85, 99 (1990), *aff'd*, 975 F.2d 869 (Fed. Cir. 1992). In sum, a plaintiff's failure to comply with the statute of limitations "places the claim beyond the court's power to hear and decide." *Catellus*, 31 Fed. Cl. at 404.

Determining when a taking cause of action accrues is a fact-specific endeavor that "must often be done in a somewhat imprecise manner, this aspect of [taking] cases being in the nature of a jury verdict." *Barnes v. United States*, 538 F.2d 865, 873 (Ct. Cl. 1976); *see also Catellus*, 31 Fed. Cl. at 404. Generally, a taking cause of action first accrues "when all the events which fix the government's alleged liability have occurred *and* the plaintiff was or should have been aware of their existence." *Hopland Band*, 855 F.2d at 1577; *see also Japanese War Notes Claimants Ass'n v. United States*, 373 F.2d 356, 358 (Ct. Cl.), *cert. denied*, 389 U.S. 971 (1967). The court determines whether the pertinent events have occurred under an objective standard. *Fallini v. United States*, 56 F.3d 1378, 1380 (Fed. Cir. 1995), *cert. denied*, 116 S. Ct. 2496 (1996). Accordingly, a plaintiff is not required to possess actual knowledge of all relevant facts in order for a cause of action to accrue. *Id.*

In the present case, defendant maintains that plaintiff's cause of action accrued on August 21, 1988, the date plaintiff's patent expired by operation of law pursuant to 35 U.S.C. § 41(b). Further, defendant contends that, because no mandatory administrative remedy exists for the type of claim asserted by plaintiff here, plaintiff's pursuit of an administrative remedy with defendant did not toll the statute of limitations for this taking claim. According to defendant:

> "Although section 41(c) requires one to first petition [defendant] before suing for reinstatement of his patent, [plaintiff] in not seeking injunctive relief in this Court. Rather, he seeks just compensation based upon the takings clause of the Fifth Amendment, a form of relief

not provided for in the patent statute. Therefore, section 41(c) was not an administrative remedy for the type of relief plaintiff now seeks from this Court.[8]"

In response, plaintiff argues that, "[b]ecause Congress has deliberately given [defendant] the function of deciding [plaintiff's] entitlement to reinstate his patent, the cause of action does not accrue until [defendant] has finally acted."[9] In this regard, plaintiff maintains that "the statute of limitations begins to run on June 26, 1990, the date when all the events necessary to state a claim based on separation-of-powers had occurred. Prior to the adverse decision made by [defendant], the separation-of-powers right is not implicated."[10]

Despite plaintiff's protestations to the contrary, his cause of action accrued on August 21, 1988. On that date, his patent expired pursuant to 35 U.S.C. § 41(b). Moreover, because plaintiff's patent lapsed by operation of law, all the events which fixed defendant's liability had occurred, and plaintiff was or should have been aware of their existence. *See Hopland Band,* 855 F.2d at 1577. Plaintiff's claim that his cause of action did not accrue until defendant denied his claim to reinstate his patent does not alter the court's conclusion. In this regard, plaintiff maintained during oral argument that "there is a taking when there is an illegal action in contravention of the [C]onstitution."[11] A taking claim, however, can occur only when the government properly exercises its statutory and regulatory authority. *Florida Rock Indus., Inc. v. United States,* 791 F.2d 893,

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[8]*Id.* at 6 n. 5.

[9]Plaintiff's Response to Defendant's Motion to Dismiss at 3 (Pl.'s Resp.)

[10]*Id.*

[11]Transcript at 20 (Tr.).

989-99 (Fed. Cir. 1986); *see also Golder v. United States,* 15 Cl. Ct 513, 518 (1988). Stated differently, a taking claim is not available to recover damages for unauthorized or unlawful acts of government officials. *Florida Rock,* 791 F.2d at 898. Thus, to the extent plaintiff argues that defendant wrongfully acted in taking his property, the court is without jurisdiction to consider that portion of his claim.

Further, plaintiff's pursuit of an administrative remedy with defendant did not toll the statute of limitations. It is settled that permissive administrative remedies do not toll the statute of limitations. *Alder v. United States,* 785 F.2d 1004, 1008 (Fed. Cir. 1986); *see also Brighton Village Assocs. v. United States,* 52 F.3d 1056, 1060 (Fed. Cir. 1995); *Camacho v. United States,* 494 F.2d 1363, 1369 (Ct. Cl. 1974). In the case at bar, the administrative remedy pursued by plaintiff involved the reinstatement of his patent. The pursuit of that remedy, however, did not require plaintiff to assert a taking claim. Indeed, plaintiff does not, nor can he cite to any mandatory administrative remedy which is a prerequisite to filing suit in this court relating to his present taking claim. *See Soriano v. United States,* 352 U.S. 270, 274-75 (1957) (where Congress has not made the filing of an administrative claim a statutory prerequisite to suit, the statute of limitations is not tolled); *see also Kirk v. United States,* 164 Ct. Cl. 738, 742-43 (1964) ("[t]he statute of limitations is not tolled by the pendency of administrative proceedings unless the particular action is instituted under a statute requiring a prior administrative determination as a condition precedent to the institution of the action"). Therefore, the statute of limitations in the present case was not tolled while plaintiff pursued an administrative remedy with defendant.

The court determines that plaintiff's cause of action accrued on August 21, 1988, the date his patent expired pursuant to 35 U.S.C. § 41(b). Accordingly , plaintiff had

six year from that date to file the present complaint. 28 U.S.C. § 2501. Because plaintiff did not file his complaint within the required time limitation, the court does not have subject matter jurisdiction over his claim.

II. *Failure to State a Claim*

Assuming, *arguendo*, that this court has jurisdiction, plaintiff's complaint must be dismissed pursuant to RCFC 12(b)(4) for failure to state a claim upon which relief may be granted. The court will dismiss plaintiff's case for failure to state a claim upon which relief may be granted only if it appears beyond a doubt that plaintiff has not alleged facts sufficient to support its claim. *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957); *Mostowy v. United States*, 966 F.2d 668, 672 (Fed. Cir. 1992). In ruling on a motion to dismiss under RCFC 12(b)(4), the court must accept as true the complaint's undisputed factual allegations and should construe them in a light most favorable to be plaintiff. *Papasan v. Allain*, 478 U.S. 265, 283 (1986) (citing *Scheuer*, 416 U.S. at 236); *Gould, Inc. v. United States*, 935 F.2d 1271, 1274 (Fed. Cir.1991). Furthermore, all that is required to withstand a motion to dismiss "is 'a short and plain statement of the claim' that will give the defendant fair notice of what the plaintiff's claim is and the grounds upon which it rests." *Conley*, 355 U.S. at 47 (footnote omitted)

Defendant maintains that both *res judicata* and issue preclusion bar plaintiff's taking claim. Defendant argues that the issue presented by plaintiff was fully litigated in the district court and affirmed by the Federal Circuit. Plaintiff counters that neither doctrine precludes him from bringing the present action.

Under the doctrine of *res judicata*, a final judgment made by a competent court on a cause of action precludes re-litigation between the same parties of matters actually litigated and decided. *International Order of Job's*

Daughters v. Lindenburg & Co., 727 F.2d 1087, 1091 (Fed. Cir. 1984). This rule extends to bind parties on any causes of action which should have been raised in the prior suit in addition to those actually litigated. *Brown v. United States*, 3 Cl. Ct. 31, 41 (1983), *aff'd*, 741 F.2d 1374 (Fed. Cir. 1984). *Res judicata*, however, will not automatically act as a bar to suit where a plaintiff could not have received full monetary relief on its claim in the district court. *Rowe v. United States*, 4 Cl. Ct. 39, 43 (1983).

This court has exclusive jurisdiction over taking claims is excess of $10,000. 28 U.S.C. § 1346(a)(2) (1994); 28 U.S.C.§ 1491(a)(1) (1994). It is therefore axiomatic that plaintiff cannot bring such a claim in the district court. Here, plaintiff maintains the damages he seeks for his taking claim are "substantially in excess of $10,000."[12] Thus, plaintiff could not have brought the present taking claim in the district court. Accordingly, the doctrine of *res judicata* does not bar plaintiff's suit.

Under the doctrine of issue preclusion, a judgment on the merits in a first suit precludes re-litigation in a second suit of issues actually litigated and determined in the first suit. *Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 1569 (Fed. Cir. 1983). The application of the doctrine focuses on whether an issue of law or fact has been previously litigated. *International Order*, 727 F.2d at 1091. "The underlying rationale is that a party who has litigated an issue and lost should be bound by that decision and cannot demand that the issue be decided over again." *Mother's Restaurant*, 723 F.2d at 1569. Issue preclusion is appropriate only if:

"(1) the issues to be concluded are identical to those

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[12]Pl.'s Resp. at 4 (citing Pl.'s App. at A276)

> involved in the prior action; (2) in the action the issues were raised and "actually litigated"; (3) the determination of those issues in the prior action was necessary and essential to the resulting judgment; and (4) the party precluded * * * was fully represented in the prior action."

Id. (footnote omitted)

A. *Identical Issues*

Generally, issue preclusion prevents a right, question, or fact distinctly put in issue from being litigated in a second suit. *In re Freeman,* 30 F.3d 1459, 1465 (Fed. Cir. 1994) (quoting *Southern Pac. R.R. v. United States,* 168 U.S. 1, 48 (1897)). Any factual differences must have legal significance in order to prevent the operation of issue preclusion. *Arkla, Inc. v. United States,* 37 F.3d 621, 625 (Fed. Cir. 1994), *cert. denied,* 115 S. Ct. 1399 (1995). Moreover, issue preclusion does not depend on whether the prior rulings were rendered correctly. *Id.* at 626 (quoting *Laaman v. United States,* 973 F.2d 107, 112 (2d Cir. 1992)).

In the case at bar, the district court addressed plaintiff's separation-of-powers argument. Specifically, the district court held that defendant's "interpretation of 'unavoidable delay' does not amount to an improper delegation of authority." *Ray,* slip op. At 6. Moreover, when queried at oral argument about the difference in separation-of-powers' argument raised in this court and the district court, plaintiff candidly responded: "[t]here is no difference. We are not saying that we didn't make the same argument."[13]

Plaintiff's arguments can be more accurately characterized as merely disagreeing with the analyses and conclusions of the district court and the Federal Circuit. In

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[13]Tr. at 36.

this regard, plaintiff states:

> "Failing to appreciate [plaintiff's] separation-of-powers argument, [the district court] dismissed the case. [Plaintiff] appealed, but the appellate court simply ignored his separation-of-powers argument, affirming the district court's decision under the on the [sic] far more lenient arbitrary and capricious standard."[14]

The doctrine of issue preclusion, however, does not hinge upon a determination that the prior rulings were correctly rendered. *Arkla*, 37 F.3d at 626. Thus, the issue raised here is identical to the issue raised in the prior proceedings. Plaintiff's collateral attack on the reasoning of the district court and the Federal Circuit does not alter that conclusion.

B. *"Actually Litigated"*

This "requirement is 'generally satisfied if the parties to the original action disputed the issue and the trier of fact resolved it.'" *Mother's Restaurant,* 723 F.2d at 1570 (quoting *Continental Can Co. v. Marshall*, 603 F.2d 590, 596 (7th Cir. 1979)). As noted above, plaintiff concedes that the separation-of-powers argument was raised before the district court and the Federal Circuit. Plaintiff, however, appears to be dissatisfied with the level of analysis provided by the respective courts in resolving the issue. This apparent dissatisfaction does not alter the fact that plaintiff raised the separation-of-powers argument in the prior proceedings and both courts resolved it. In particular, the district court held that defendant's interpretation of the statute does not amount to an improper delegation of authority. *Ray*, slip op. at 6. Further, on appeal, the Federal Circuit found that defendant's interpretation of unavoidable delay under 35 U.S.C. §

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[14]Compl. at 4.

41(c)(1) did not constitute an improper delegation. *Ray*, 55 F.3d at 609. Accordingly, this issue was "actually litigated" in the prior proceedings. *See Mother's Restaurant*, 723 F.2d at 1571.

C. *Determinations Necessary to the Judgment*

"In order to give preclusive effect to a particular finding in a prior case, that finding must have been necessary to the judgment rendered in the previous action." *Id.* (citing *Montana v. United States,* 440 U.S. 147, 153 (1979)). "[T]he purpose of the requirement is to prevent the incidental or collateral determination of a nonessential issue from precluding reconsideration of that issue in later litigation." *Id.* Plaintiff concedes he raised the separation-of-powers argument before the district court and the Federal Circuit. More importantly, both courts ruled on the merits of plaintiff's claim. Thus, the determinations of those courts were necessary to the judgment.

D. *Full Representation*

"This last condition for the application of issue preclusion includes the requirement * * * that a party has had a 'full and fair chance to litigate' the issues to be precluded." *Id.* At 1570 n.4 (quoting *Blonder-Tongue Lab., Inc. v. University of Ill. Found.*, 402 U.S. 313, 329 (1971)). Issue preclusion is not appropriate, however, where there is reason to doubt the quality, extensiveness, or fairness of procedures followed in the prior litigation. *In re Freeman*, 30 F.3d at 1467 (citing *Montana*, 440 U.S. at 164 & n.11).

Plaintiff's counsel, who represented plaintiff before the district court and also before the Federal Circuit, suggests that plaintiff did not receive a fair opportunity to litigate his claim. According to plaintiff's counsel, there was a degree of apparent animosity between himself and the district court judge. Beyond counsel's assertions, however, the court has "no reason to doubt the quality, extensiveness, or fairness of

the procedures followed in the district court." *Id.* Moreover, "the fact that [the] court on appeal affirmed the district court's conclusion * * * strongly suggests that the district court proceedings were not deficient." *Id.* Thus, the court finds that plaintiff was fully represented in the prior proceedings.

Because the four-part test set out in *Mother's Restaurant* is satisfied, the doctrine of issue preclusion would bar plaintiff's claim here. Therefore, assuming *arguendo* that the court has subject matter jurisdiction, the court grants defendant's motion to dismiss for failure to state a claim upon which relief may be granted.

Conclusion

For the above-discussed reasons, defendant's motion to dismiss is granted. The Clerk is directed to dismiss plaintiff's complaint. No costs.

BOHDAN A. FUTEY
Judge

United States Court of Appeals for the Federal Circuit

97-5122

RALPH D. RAY,

Plaintiff-Appellant

UNITED STATES,

Defendant-Appellee.

ORDER

Before NEWMAN, Circuit Judge, PLAGER, Circuit Judge, and SCHALL, Circuit Judge.

A petition for rehearing having been filed by the APPELLANT,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED.

The mandate of the court will issue on June 9, 1998.

FOR THE COURT,
JAN HORBALY, CLERK

Dated: June 2, 1998

by _____
Alex Van Veen
Staff Law Clerk

Note: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

Civil Action No.93-0558

Entry date: January 25, 1994

RALPH D. RAY,
Plaintiff,

v.

DOUGLAS B. COMER,
Commissioner of Patents and Trademarks,
Defendant.

MEMORANDUM OPINION

Before the Court are plaintiff's motion for summary judgment and defendant's motion to dismiss.[1] Plaintiff Ray seeks injunctive relief requiring the Commissioner of Patents and Trademarks ("the Commissioner") to reconsider his decision refusing to accept Ray's late payment of a maintenance fee to keep U.S. Patent No. 4,466,797 in force. Upon review of the briefs and exhibits filed by the parties, the oppositions and replies filed thereto, and because we find plaintiff's arguments essentially precluded by *Rydeen v. Quigg*, 748 F. Supp. 900 (D.D.C. 1990) (Pratt, J.) *aff'd mem.*, 937 F.2d 623 (Fed. Cir. 1991), *cert. denied* --U.S.--, 112 S.Ct. 974 (1992), we deny plaintiff's motion for summary judgment and grant defendant's motion for summary judgment.

In 1983, plaintiff approached Tom Sherrard, a patent attorney, for assistance in preparing the patent application.

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[1]The Court treats defendant's motion to dismiss as a motion for summary judgment because the parties refer to extraneous material concerning the patent application. Fed. R. Civ. P. 56.

Although plaintiff alleges that his relationship with Sherrard was not intended to continue beyond the prosecution of the patent application, attorney Sherrard listed his own address for further correspondence in section lA of the issue fee transmittal notice. *See* Plaintiff's Reply Brief, Ex. 2, p. 2. In addition, plaintiff admits that he failed to advise both Sherrard and the U.S. Patent and Trademark Off ice ("PTO") of his current address.

Pursuant to 35 U.S.C. § 41(b), a patent will expire unless a maintenance fee is paid 3 1/ years after the patent was granted.[2] Plaintiff admits that this information was stated on the inside cover of his patent, however, Ray never read it, assuming instead that he "had no reason to check the document." *See* Plaintiff's Summary Judgment Motion, PR 59. As a result, Ray was unaware that a maintenance fee was due until nearly 2 years after the lapse of the fee grace period. *Id.* By this time the patent had expired.

The Commissioner disputes plaintiff's assertion that patentees are entitled to actual notice before a patent can expire for nonpayment of the maintenance fee. Nevertheless, the PTO did send a courtesy notice to attorney Sherrard, whose address was listed for "further correspondence". Although Sherrard attempted to forward the notice to the plaintiff, the Postal Service returned the notice as undeliverable because plaintiff failed to inform the attorney of his new address.

After learning that his patent had expired, Ray petitioned the Commissioner for reconsideration. *See* 35 U.S.C. 41(c)(1) (Commissioner may accept late payment of maintenance fee if the delay is shown to satisfaction of Commissioner to have been "unavoidable"). The

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[2]The owner of the patent has an additional 6 month grace period in which to pay the maintenance fee.

Commissioner refused to reinstate Ray's patent.

Plaintiff now petitions the Court to order the Commissioner to re-evaluate whether plaintiff's delay in payment of the maintenance fee was "unavoidable" as envisioned by Congress under § 41(c)(l). Two theories are offered in this regard. The first theory alleges that the constitutional requirements of due process are violated when the Commissioner fails to provide the patent owner with notice "as likely as the mails" to apprise him of the pendency of the fee. Under the second theory, plaintiff urges that an undue delegation of Congressional authority occurs if the Commissioner's interpretation of "unavoidable delay" is upheld. Plaintiff asks the Court to hold as a matter of law that the unavoidable delay standard is met when the delay in paying the maintenance fee was caused by the Commissioner's failure to provide notice directly to the owner of the patent.

I. *Due Process Issue.*

The Court finds the due process argument made in the present case to be similar, if not identical, to that unsuccessfully raised by the plaintiff in *Rydeen.*[3] As in *Rydeen*, plaintiff

> "argues that the notice he received was inadequate because he should have received mailed notice a reasonable amount of time prior to the expiration of his patent."

748 F. Supp. at 906. The Court concludes, as it did in *Rydeen* that as a constitutional matter, "plaintiff was not entitled to any notice beyond publication of the statute." *Id.* (*citing Texaco v. Short,* 454 U.S. 516, 536 (1982)). Plaintiff

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[3]*Rydeen* also involved an attempt by a patentee to have the automatic expiration of his patent under § 41(b) reinstated pursuant to § 41(c)(l).

is not constitutionally entitled to notice of the automatic effects of section 41(b) when a maintenance fee is not paid.[4]

Plaintiff attempts to distinguish *Short* by limiting its holding to situations where the burden of the loss on the individual is slight and the benefit to the government is clear.[5] In so doing, plaintiff misinterprets *Short* and ignores subsequent caselaw. No court has used such a balancing test as the determinant of what notice required for self executing statutes. *See Tulsa Professional Collection Services v. Pope*, 485 U.S. 478, 487 (1987) (self executing nature of statute removes due process requirements of actual notice); *County Line Joint Venture v. Grand Prairie, Tex.*, 839 F.2d 1142, 1146-47 (6th cir. 1988), *cert. denied* 488 U.S. 890 (1988) (due process requirements of *Mullane* apply to an "adjudication" and not to self executing statutes).

Plaintiff would not be entitled to actual notice even if we accepted plaintiff's novel theory that the holding of *Short* depends on a balancing of burden vs. benefit. The burden mentioned by the Supreme Court in *Short* is not the potential loss to the individual, as plaintiff argues, but is instead the burden involved in complying with the terms of the statute.[6] *Id.* at 529-30. The Court concludes in the case at bar that the burden of paying a maintenance fee which is clearly

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[4]This is vastly different from situations in which the status of a property right is determined in an adjudicatory proceeding. *See Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950) (requiring notice "as likely as the mails" to apprise persons of pendent proceedings). There is no proceeding under section 41(b) before the patent expires; it occurs by operation of law.

[5]Plaintiff's contention is based on dicta in *Short* stating:

> "[t]he State surely has the power to condition the ownership of property on compliance with conditions that impose such a slight burden on the owner while providing clear benefit to the state."

454 U.S. at 529-30.

[6]See *supra* note 5.

mentioned in the initial patent documentation is a minor one. Had Ray bothered to read the patent, he would have known that payment of such a fee was required four years after issuance.[7] Conversely, the PTO derives a clear benefit from the timely expiration of patents on which fees have not been paid. Plaintiff's logic would require the PTO to investigate all patents to determine if the addresses listed for continued correspondence are still current.

II. *Improper Delegation Issue.*

Plaintiff alleges in count II that the Commissioner's interpretation of § 41(c) (1) is impermissible because it is a "radical departure" from his interpretation of other "unavoidable" delay provisions. *See* 35 U.S.C. §§ 133, 151. This argument was also raised and dismissed in *Rydeen*. As we stated in that case, the Commissioner concluded that §§ 133 and 151 were inapposite because

> "Congress expressly conditioned §§ 133 and 151 on a specific type of notice, while no such notice requirements are written into §41(c)....Bolstering [the Commissioner's] argument is *Smith v. Mossinghoff*, which concludes that the unavoidable delay standard is broader, and 'must be decided on a case-by-case basis, taking all of the facts and circumstances into account.'" 761 F.2d 533, 538 (D.C. Cir. 1982).

Id. at 905. Like the plaintiff in *Rydeen*, Ray is unable to offer any persuasive reasoning as to why Congress intended a contrary interpretation of § 41(c). Therefore,

> "[t]he Commissioner's interpretation of "unavoidable" and of the PTO's duty to provide reminder notices then, do not plainly contradict the statute. For this

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[7]By reading the documentation, Ray would also presumably have understood the importance of informing the PTO of his current address.

> reason, we must accord deference to the Commissioner's no-timely-notice interpretation and adjudication in plaintiff's case.[8]"

Id. Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837 (1984).

Conclusion

For the foregoing reasons, the Court concludes that the failure by the Commissioner to provide plaintiff with actual notice of the maintenance fee does not violate due process standards. Furthermore, the Court holds that the Commissioner's interpretation of "unavoidable delay" does not amount to an improper delegation of authority. Therefore, we deny plaintiff's motion for summary judgment and grant defendant's motion for summary judgment.

An order in accordance with this opinion has been issued this date.

Date: January 25, 1994

JOHN H. PRATT
United States District Judge

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[8]A reviewing agency's interpretations of statutes to insure that they are not in excess of statutory jurisdiction are entitled to deference unless they are plainly erroneous or inconsistent with the relevant statutes. *Id.* at 904 (*citing Udall v. Tallman*, 380 U.S. 1, 16 (1965)).